

'Tis the season

Avoid making the paper shuffle a "tax"ing event

by Staff Sgt. Elaine Aviles
photo illustration by Staff Sgt. Samuel Rogers

Tax season can be a time of joy or terror. After people struggle to interpret new tax laws, short and long forms, and changing W-2s, they're faced with the all-important question: vacation in Hawaii or debt for a year? It all hinges on the tax return.

It's no wonder the phrase "tax season" can strike fear into the hearts of man (and woman).

America's love-hate relationship with taxes dates back to 1764 when the British parliament enforced a tax on imported sugar, then on every piece of paper, playing card and legal document in the colonies. Frustration and dwindling funds eventually led to the Boston Tea Party, when colonists tossed a shipload of heavily taxed tea into the harbor.

Fast forward 231 years and people still experience the same frustrations as they struggle with ever-changing tax laws, deductions, exemptions and a host of other confusing tax-related terminology. But, with tea-tossing no longer an option, people have to find better outlets for their frustration.

Although the urge is to bury W-2s

and 1040 EZs under a pile of paperwork until the eve of April 15, there's another option — education.

Maj. Patrick Dyson, Legal Assistance and Preventive Law Division deputy chief and Air Force Tax program manager, helped decipher the mysteries of tax season. Hopefully, his tips will alleviate those inevitable tax-related night sweats and panic attacks.

1. Don't forget there's a free tax program. The Air Force's Volunteer Income Tax Assistance program offers free tax preparation assistance to servicemembers, their families, and, on some bases, Department of Defense civilian employees. Internal Revenue Service-trained volunteers guide people through the federal and state tax return maze. Every base has a tax center (except for deployed locations), so if you haven't found yours, call your local legal office to track it down.

2. Be prepared. The Boy Scout motto holds true. You can avoid a wasted trip to the tax center by bringing neces-

sary documents: W-2s from full- and part-time jobs, Social Security number cards for all family members, bank interest statements, homeowners' statements with interest paid for the year, Individual Retirement Account contribution amounts, college tuition statements and any other miscellaneous tax forms you got in the mail. Bring it all — it's better to be over-prepared than under.

3. File electronically. If a vacation is riding on your tax return, electronic filing is your best bet. VITA volunteers can assist with this for federal and some state tax returns. You can have your refund electronically deposited into your bank account quickly enough to pay off that lingering holiday debt. People who want their return faster than a fast-food order should be wary of tax-time money-making schemes, such as same-day refund centers. The money is actually a loan from a bank, associated with the commercial preparer, based on the anticipated refund amount. If the preparer miscalculates and the refund is smaller than expected, you may be stuck with the difference, Major Dyson said. More importantly, the fees associated with the rapid refund schemes actually decrease the amount of your return.

4. Don't procrastinate. Besides avoiding the mad rush to file on time, early filing also allows you to go back and make corrections that can otherwise cause an IRS rejection. An amended return is necessary if you misreported filing status, total income, deductions or credits. For those who work better under pressure, don't wait too long. You only have until midnight April 15, to file your return.

5. Know the exceptions to the rule. If you are or will be deployed during tax season, don't panic.

The IRS offers a 180-day extension for military members deployed to a combat zone or a qualified hazardous duty area. As a bonus, Airmen also get extensions equal to the amount of time they were deployed during the filing season. For instance, if an Airman deployed to a combat zone Jan. 1 and returns May 1, they are given a 180-day extension plus 105 days for days missed during the filing season. Spouses get the same consideration. However, Airmen can also grant a power of attorney to a friend or family member to file taxes on their behalf. Servicemembers stationed overseas (excluding Puerto Rico, Alaska and Hawaii) also have some leeway; they're given an automatic two-month extension.

6. Get informed. There's relief in sight — tax relief that is. Several new tax laws offer advantages or relief for taxpayers. For example, a practice known as the Kansas Rule was abolished. This practice by some states was to include the military nonresident's income when computing the nonmilitary spouse's tax liability. The end result was the spouse owed more in state taxes. Another new law is a state sales tax option, which gives taxpayers who itemize deductions a choice of claiming their state sales taxes instead of state income taxes. There are many other new laws, but you don't need to track them down, the IRS did the leg work and published a complete list on their Web site. VITA reps can also point out ways to save during tax preparation.

7. Check out the new W-2. The military has changed the W-2 to simplify life for taxpayers. It now reports pay earned while serving in a combat zone tax exclusion area. The pay information is listed separately in Block 14; taxable wage information remains in Block 1. If applicable, this will help Airmen determine their eligibility for the earned income tax credit and child tax credit. Just in case you've gotten the credit in the past but weren't sure why: earned income tax credit is a refundable federal income tax credit for low-income working taxpayers and families, and the child tax credit gives people with qualifying children up to \$1,000 per child.

For more information

You can download forms and publications such as the Internal Revenue Service publication 3, tax information for military personnel, and publication 54, tax guide for U.S. citizens and resident aliens abroad, from www.irs.gov.

For questions about IRS forms and publications, call (800) 829-1040.

To order forms and publications from the IRS, call (800) 829-3676.

To order IRS forms and publications in Braille, write to the National Library Service, 1291 Taylor St. NW, Washington, D.C. 20542.

To check on the status of your refund, call (800) 829-4477. Have your Social Security number, filing status and refund amount handy when you call. This service is available four weeks after your taxes are filed.

8. Make sure it's not lost in the mail. For those over-eager souls logging on to their bank accounts every half-hour, there's an easier way to check the status of a tax refund. Just log onto the IRS Web site and go to "Individuals" then "Where's my Refund?" You'll need your Social Security number, filing status and refund amount as shown on your return. Keep in mind that a return takes six to eight weeks from the time the IRS receives it. You can cut the time in half if you file electronically; it's even quicker if you use direct deposit.

9. Don't panic if you owe. Don't dig yourself into a hole if you end up paying rather than receiving money. The IRS allows people to pay with an installment plan, if requested, on an IRS Form 9465. Keep in mind this convenience isn't free. You'll be hit with a processing fee, interest and possibly a late payment penalty.

10. Remember, it's not rocket science. Or is it? Albert Einstein said, "The hardest thing in the world to understand is the income tax." If this genius struggled with taxes, it's not surprising we all do. Your best bet is to visit your local base tax center or the IRS Web site for up-to-date laws and information. ♡

